

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Needham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 10, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

The funding schedule reflects a 7.75% investment return assumption and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the Town of Needham Contributory Retirement System

CHART 16

Funding Schedule – Fully Funded by 2030 with Three-Year Phase-In, Reflects Investment Gain on an Actuarial Basis in 2015 (Assuming 2015 Market Return of 7.75%)

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Total Plan Cost: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Total Cost
2016	\$1,844,323	\$4,305,489	\$6,149,812	\$62,411,033	--
2017	1,916,413	4,790,388	6,706,800	61,614,449	9.06%
2018	1,991,301	5,322,934	7,314,235	61,227,927	9.06%
2019	2,069,096	5,907,590	7,976,686	60,237,629	9.06%
2020	2,149,909	6,173,546	8,323,455	58,540,617	4.35%
2021	2,233,858	6,451,355	8,685,213	56,425,519	4.35%
2022	2,321,064	6,741,666	9,062,730	53,847,161	4.35%
2023	2,411,651	7,045,041	9,456,692	50,756,171	4.35%
2024	2,505,750	7,362,068	9,867,818	47,098,742	4.35%
2025	2,603,497	7,693,361	10,296,858	42,816,266	4.35%
2026	2,705,033	8,039,562	10,744,595	37,844,930	4.35%
2027	2,810,503	8,401,342	11,211,845	32,115,284	4.35%
2028	2,920,059	8,779,403	11,699,462	25,551,772	4.35%
2029	3,033,858	9,174,476	12,208,334	18,072,228	4.35%
2030	3,152,064	9,587,328	12,739,393	9,587,328	4.35%
2031	3,274,848	--	3,274,848	--	-74.29%

Notes: Recommended contributions are assumed to be paid on July 1.

Assumes contribution of budgeted amount for fiscal year 2016.

Item (2) increases at 3.5% per year, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Assumes amortization payments of remaining liability increase at 4.50% per year.

Projected normal cost does not reflect the impact of pension reform for future hires.